

From: "John Wiltse" <jwiltse@ruralinc.org> on 10/25/2004 09:46:04 PM

Subject: Electronic Fund Transfers

Jennifer L. Johnson, Secretary
Board of Governors
Federal Reserve System
20th and Constitution Ave., N.W.
Washington, DC 20551

Re: Docket No. R-1210

Dear Ms. Johnson,

Rural Opportunities, Inc. strongly supports the proposed amendment to federal Regulation E which addresses payroll cards. The amendment would define a payroll card account directly or indirectly established by an employer to receive wages, salary, or other employee compensation on a recurring basis as an account which receives the consumer protections of the federal Electronic Fund Transfer Act.

We are pleased to see these aspects of the proposed amendment:

- It applies equally to payroll cards issued by financial institutions, employers, and other entities.
- It will give workers holding payroll cards all of the EFTA protections, including periodic statements.
- It covers all funds in the payroll card account.
- It covers all recurring employee compensation paid using a payroll card, whether that compensation is wages, salary, or a bonus or commission.

We ask the Federal Reserve Board expand this proposal to clarify that Regulation E also applies to these types of cards:

- Cards which deliver or hold funds important to consumers and families, such as child support cards, unemployment cards, and cards delivering tax refunds or tax refund anticipation loan proceeds; and
- Cards which are marketed or used as substitutes for a bank account, particularly when these cards receive direct deposits of wages or other periodic payments, such as social security payments.

We also ask the Board to clarify that the creation of a subrule expressly covering payroll cards, and, as we recommend, other types of cards, does not restrict or impose new conditions on the general reach of what is a "consumer asset account," triggering coverage of the EFTA, under the general rules of Regulation E which will continue to apply to other products after the adoption of special inclusionary rules for certain kinds of cards.

We appreciate the efforts of the Board of Governors of the Federal Reserve to make the consumer protections of the EFTA more plainly applicable to payroll cards. We ask the Board to

extend that same clarity and protection to certain other types of stored value cards which are financially important to consumer households.

Very truly yours,

John Wiltse

Rural Opportunities, Inc.

Housing & Economic Development

585.340.3346 fax 340.3309